



Department of Justice

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Eastern District of California

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MODESTO MARIJUANA COLLECTIVE OWNERS CONVICTED OF CONDUCTING A CONTINUING CRIMINAL ENTERPRISE

FRESNO, Calif.—United States Attorney McGregor Scott and Drug Enforcement Administration (DEA) Assistant Special Agent-in-Charge, Sacramento Field Division, Gordon Taylor announced today that a federal jury returned guilty verdicts late yesterday against LUKE ANTHONY SCARMAZZO, 28, and RICARDO RUIZ MONTES, 28, both of Modesto, Calif. SCARMAZZO and MONTES were convicted of conducting a continuing criminal enterprise, manufacturing marijuana, and possessing marijuana with the intent to distribute. The continuing criminal enterprise conviction carries a mandatory sentence of 20 years in prison up to a maximum of life.

This case was the result of a significant investigation by the Drug Enforcement Administration, Modesto Police Department, Stanislaus Drug Enforcement Agency, and the Central Valley High Intensity Drug Task Force.

United States Attorney McGregor Scott stated, “Scarmazzo and Montes made millions by exploiting and hiding behind California’s medical marijuana law. In this case, there was no conflict between state and federal law as their conduct was illegal under both. California’s medical marijuana law clearly sets out that making a profit selling marijuana is illegal. These two set out to make as much money as they could as drug dealers, plain and simple.”

DEA ASAC Taylor stated, “While these two defendants may claim their motive was to help other people, the evidence proved their true agenda was to help themselves to millions of dollars in illegal marijuana sales. The outcome of this trial sends a clear message that marijuana distribution is a serious offense, with the possibility of long term penalties.”

According to Assistant United States Attorneys Kathleen Servatius and Elana Landau, who prosecuted the case, trial testimony and documentary evidence established that SCARMAZZO and MONTES obtained a business license from the City of Modesto by falsely representing that their business, California Healthcare Collective (CHC), would engage in “retail sales of natural healthcare products.” However, SCARMAZZO and MONTES actually limited their business to marijuana sales.

Filings with the City of Modesto indicated that CHC earned more than 4.5 million dollars during its 2004–2006 operation in Modesto. However, the evidence at trial established that the defendants actually generated over \$9 million in sales. The trial evidence showed that much of that money was funneled into personal purchases and private accounts of the defendants and their families, such as defendant SCARMAZZO’s purchase of a \$184,000 Mercedes and \$130,000 of currency stored in a safe deposit box.

Defendants SCARMAZZO and MONTES were found not guilty of possessing firearms in furtherance of a drug trafficking crimes and the jury was unable to reach a decision as to guilt or innocence on an allegation that they had conspired to distribute marijuana and possess marijuana with the intent to distribute

The government is seeking forfeiture of over \$200,000 in seized assets and will present arguments before the trial judge in the case, Honorable Oliver W. Wanger on May 19, 2008 at 3:00 p.m. Sentencing for both defendants is scheduled for August 4, 2008, at 1:30 p.m.

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